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November 20, 2017

VIA: ELECTRONIC FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition by Tampa Electric Company to Close to New Business all Existing Lighting Rates and Approve New LED Lighting Rates and Tariffs for a Street and Outdoor Lighting Conversion Program; Docket No. 20170198-EI

Dear Ms. Stauffer:

Attached are Tampa Electric Company's responses to Staff's Second Data Request (Nos. 1-7), propounded and served by electronic mail on November 13, 2017.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Attachment

cc: Elisabeth Draper (w/attachment)

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170198-EI
STAFF'S SECOND DATA REQUEST
REQUEST NO. 1
PAGE 1 OF 1
FILED: NOVEMBER 20, 2017**

1. Please refer to the table provided in response to question 3 of staff's first data request and state what CGRs stands for and explain if the total capital spending of \$134,945,014 is included in the tariffed rates for the new LED offerings. If not, please explain how TECO will recover this amount.
 - A. CGR stands for Connected Grid Router. These routers will be used as communication hubs for both the Tampa Electric meter conversion project (removing AMR meters and replacing them with AMI meters) and the Tampa Electric LED conversion project (removing high pressure sodium and metal halide lights and replacing them with LED lights with network lighting controllers [NLCs]).

The \$134,945,014 shown in the attachment to the response to Staff's First Data Request No. 3 is the total cost associated with the Street and Outdoor Lighting Conversion Program. These costs will be recovered through the proposed rates for the new LED lights. The costs listed associated with the CGRs and the NLC Integration & Network are the portion of those costs being recovered through the new rates being requested for the LED lights. Because the CGRs and Network are also being used in the meter conversion project, only the allocated portion associated with the lighting conversion is listed. The remaining costs of the CGRs and Network are allocated to the meter conversion project and those costs will be part of base rates.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170198-EI
STAFF'S SECOND DATA REQUEST
REQUEST NO. 2
PAGE 1 OF 1
FILED: NOVEMBER 20, 2017**

2. The response to question 5 states that “the material costs for LED fixtures have greatly decreased across the last few years...” However, the response to question 6 states that “Tampa Electric has experienced more actual increases in area of lighting products than in other products and materials in recent years”. Please explain these statements and also explain the linear graphs shown in the Fixture Cost Trend graph provided.
- A. The response to Staff’s First Data Request No. 5 is aligned with and reflective of the decreasing LED material cost trend line displayed in the graph shown in the response to Staff’s First Data Request No. 6. The increasing costs are specifically related to experienced cost increases across HPS and MH area light products as well as manufacturing cost increases experienced from suppliers. Area lights are lower volume products and therefore will experience more pricing volatility driven by manufacturing costs. Tampa Electric does remain somewhat insulated from this volatility as pricing changes have been dampened by distributors and competitive material bids.

The linear lines on the “Fixture Cost Trend” graph associated with No. 6 are meant to simply illustrate experienced change in replacement part costs by Tampa Electric. A series of data points were developed to reflect the weighted average fixture cost within each major product category. Data points were derived from the annual average unitized cost specific to each fixture and related volume issued from inventory within a given year. For clarity, a trend-line function was utilized across the data points for each major product category to show the trend of real cost impacts experienced by Tampa Electric.

Cost changes experienced by TEC lag the larger market drivers that effect manufacturer product profitability because of fixed contractual costs, product family consolidation, and competitive bid of distributor services and material supply.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170198-EI
STAFF'S SECOND DATA REQUEST
REQUEST NO. 3
PAGE 1 OF 1
FILED: NOVEMBER 20, 2017**

- 3.** The response to question 12 discusses the general communications TECO will have with customers if the program is approved. Please state how TECO will recover the communication costs and state the dollar amount associated with the communication plan.

- A.** General communications costs will be recovered through the proposed rates associated with this filing, and will not be recovered through the conservation cost recovery clause. Most communication work for this project will be completed by internal labor whose time is aggregated into normal administrative and general expense and ultimately captured in the fringe adder for employee labor costs. The cost of the communication plan for the conversion project is expected to be approximately \$40k per year.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170198-EI
STAFF'S SECOND DATA REQUEST
REQUEST NO. 4
PAGE 1 OF 1
FILED: NOVEMBER 20, 2017**

- 4.** Please state how many lighting customers/accounts TECO currently serves that a) take lighting service from TECO; and b) are customers with customer-owned fixtures and TECO provides the energy only.

A. As of November 2017:

- a. 34,492 Lighting customers with 40,007 lighting accounts
- b. 14 Metered lighting customers (i.e., energy only) with 225 metered lighting accounts

It should be noted that many customers install their own lighting, say in a parking lot, and elect to supply the electricity to run the lights by hooking the lighting system behind the electric service meter that serves their home or business. In such circumstances, Tampa Electric would not know when a customer supplies lighting from their own fixtures and Tampa Electric provided the energy only.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170198-EI
STAFF'S SECOND DATA REQUEST
REQUEST NO. 5
PAGE 1 OF 1
FILED: NOVEMBER 20, 2017**

- 5.** Referring to Exhibit D of the petition, for the four fixtures that show higher unit cost (current vs. proposed), please state how many customers would be impacted by the higher total monthly charge under the new LED tariff and what the total bill impact will be for the impacted customers (since a lighting customer presumably requests TECO to install more than one fixture).

- A.** Exhibit D of the petition shows how many fixtures would receive a slightly higher bill under the proposal. Out of some 209,821 fixtures overall, only 6,332 under the 27W Roadway, 886 under the 199W Flood, 20 under the 26W Granville and 2300 under the 39W Granville Pt (Post Top) Enhanced would see an increase. This 9,538 represents only 4.5% of the fixtures. The total bill impact for each fixture is shown on Exhibit D in the column labeled "Bill Difference". Tampa Electric has not calculated the overall bill impact to each customer who takes service under these four fixture types, nor has it determined whether those same customers would benefit from the lower bills identified for the 14 fixtures where the bill will be reduced.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170198-EI
STAFF'S SECOND DATA REQUEST
REQUEST NO. 6
PAGE 1 OF 1
FILED: NOVEMBER 20, 2017**

- 6.** The response to question 2A states that customers have other options to taking lighting service from TECO. Please discuss the steps and costs a customer would incur if they wish to self-supply lighting equipment from a contractor instead of TECO. Also, would a contractor charge the total cost for the lighting equipment up-front or allow for monthly charges as TECO's tariff provides for?
- A.** Customers wishing to self-supply lighting equipment from a contractor would contact TECO to have a meter installed. If the equipment being metered is only lighting equipment, then the base energy rate would be the lighting base energy rate. The cost to the customer would be the same as any electric meter installation, which averages \$225. The cost charged to the customer by the contractor is a private contract between the two entities, and TECO is not privy to these individual private arrangements. Larger businesses offering outdoor lighting may provide some customer financing options to reduce financial barriers.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170198-EI
STAFF'S SECOND DATA REQUEST
REQUEST NO. 7
PAGE 1 OF 1
FILED: NOVEMBER 20, 2017**

7. Referring to the response to question 13, please show how the wattage variance (+/- 5 vs +/- 10 percent) impacts the calculation of the monthly energy consumption for each fixture.
 - A. For fixtures that fall within the wattage variance range of either +/- 5W (current variance) or +/- 10% (requested variance), the calculation of energy consumption is not changed, and therefore is not impacted. Monthly energy consumption references the name plate wattage of the fixture approved within a given rate.